

APPLICATION BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SKELLY
OIL COMPANY FOR AN EXCEPTION TO RULE 104
OF THE STATEWIDE RULES AND REGULATIONS AS
AMENDED BY ORDER NO. R-855 IN SO FAR AS IT
APPLIES TO ITS JICARILLA "B" NO. 2 WELL
SECTION 31, TOWNSHIP 25 NORTH, RANGE 5 WEST,
RIO ARriba COUNTY, NEW MEXICO. }

CASE NO. 1281

A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is a producer and operator of gas wells in Township 24 and 25 North, Range 5 West, Rio Arriba County, New Mexico and more particularly its Jicarilla "B" Lease in Sections 31 and 32, Township 25 North and Sections 5 and 6 Township 24 North, both in Range 5 West.

2. That its No. 2 well located 990' from the east line and 1590' from the south line of Section 31, Township 25 North, Range 5 West, was authorized on March 21, 1957, as a gas well and projected to a gas producing horizon prevalent in this area, with said well being spudded on April 3, 1957 and completed on or about May 31, 1957, as an oil well.

3. That said Rule 104, as amended, provides for gas wells to be located 990' from the outer boundaries of 160-acre governmental quarter section with a tolerance of 200' and should not be drilled closer than 330' to any quarter quarter section or subdivision inner boundary.

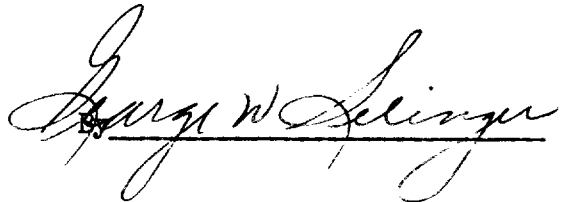
4. That said Rule 104, as amended, provides that in the event oil production is encountered in a well which was projected to a gas producing horizon and which is located according to the above described gas well location rule, but does not conform to the oil spacing of being located not closer than 330' to any quarter quarter section line, it shall then be necessary for an operator to bring the matter to a hearing.

5. That applicant owns all of Section 5 and 6, Township 24 North, Range 5 West, and all of Section 31 and 32, Township 25 North, Range 5 West and that said well is toward the center of applicants acreage to the extent that no other parties either offsetting or in the vicinity would be adversely affected.

6. That the granting of this application would be in the interest of conservation.

WHEREFORE, applicant prays that this Commission set this matter down for hearing, after the giving of notice as required by law, and issue such orders, rules and regulations as may be necessary in the premises after said hearing.

Respectfully submitted


George W. Selinger